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PANDEMIC PROMPTS MOVE TO THE MIDLANDS AS HOUSE PRICES SURGE BUT MORE QUALITY HOMES ARE NEEDED

- Almost two thirds (61%) of those living in the Midlands expect house prices to continue to rise over the next three years as regional house prices climb more than 17% since the start of the pandemic¹
- Increased demand has resulted in 64% of people in the Midlands saying that they do not believe the housing market is currently helping people access affordable and quality homes
- When it comes to the checklist for new houses, larger gardens (41%), more living space (34%) and more efficient heating (33%) are the most sought-after features in the Midlands

According to research from Lloyds Banking Group, the Midlands has been placed firmly on the map, with house prices in the area climbing by 17% since the start of the pandemic. However, increased demand and lack of available housing has resulted in almost two thirds of those living in the Midlands (64%) agreeing that the housing market is currently not helping people access affordable and quality homes in their region.

Top concerns amongst those in the Midlands include; unaffordable house prices (61%), high deposits (44%) and a lack of social housing being built (42%). Other considerations include a lack of rental properties (36%), economic issues caused by the pandemic (26%), and too few houses being built (25%).

Challenges for the industry

Across the Midlands, both homeowners and renters agree that house prices are the biggest issue facing the market and are sceptical that the industry can adapt and deliver the affordable, quality homes needed to accommodate the increased demand in the area post-pandemic.

With the average house price now at more than £265,000, those in the Midlands believe issues around affordability are likely to get worse with almost two thirds (61%) believing house prices will continue to increase over the next three years.

Beyond affordability, many respondents suggested that new homes in their local area aren't being built in places where people want to live (33%) – with nearly half of those in the Midlands (44%) frustrated that new homes aren't meeting the needs of the local area.

Jo Harris, Lloyds Banking Group's Ambassador for the Midlands, said: *"This research shows that many people in the Midlands see the rise in house prices resulting from the pandemic, as the biggest factor preventing people from accessing quality and affordable homes.*

"The pandemic is also reshaping what we want from our homes and many people in the Midlands feel that where, and how, homes are being built is not meeting the current needs of their local communities.

¹ Source: Halifax 12 month rolling data, crude average prices from January 2020 to January 2022

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“Understanding current local trends is vital if the homes being built are to meet the changing needs of individuals and local communities. That’s why, as part of our commitment to help Britain prosper, we are working across the industry to collectively work-out how we deliver the high-quality, sustainable and affordable homes that the Midlands’ needs.”

Meeting local needs

Over the last year, there has been increased interest in the region as homeworking buyers and renters look to spend lockdown savings in rural and semi-rural locations. People in the Midlands said that living in an attractive area (46%) and being close to family and friends (42%) were the most important factors to them when purchasing a home.

A changing picture of home

However, when it comes to our homes themselves, more space and outdoor living looks set to be one of the most important factors driving buying decisions in the Midlands over the next few years. The garden was deemed the most important feature; with over two in five (41%) stating they would prioritise that first, followed by more living space (34%) and more efficient heating (33%). In fact, just over a third of those in the Midlands said they would pay more than they would otherwise for a home with a garden (37%) and off-street parking (36%).

Oliver Purday, Managing Director of Bowbridge Homes, said: *“Since the beginning of the pandemic, we have found that our customers have definitely assessed their needs and what they actually want from a home.*

“We constantly review our designs to ensure that they serve our clients’ needs, and as part of that review what is also very clear, is that the quality of the living environment is of fundamental importance. We design each of our schemes individually to tailor the scheme to its environment and create a proper community. We ensure that not only are the internal space and design of the homes considered, but also how each home sits within the overall scheme, paying particular attention to the landscaping and ecology.

“We are also integrating Custom Build opportunities within many of our schemes. This takes client choice to the next level and allows our customers to tell us exactly how they want to use a home and have a full involvement with its design right from the start, so that they get a home that is bespoke to them.”

- ENDS -

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Notes to Editors

- All figures, unless otherwise stated, are from YouGov Plc on behalf of Lloyds Banking Group. Total sample size was 6442 adults (of which 1019 were based in the Midlands). Fieldwork was undertaken between 4th - 8th November 2021. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).
- Lloyds Banking Group is committed to helping Britain prosper by expanding the availability of affordable and quality homes, both for customers wanting to own their own home and for customers wanting to rent a home.
- Lloyds Banking Group is one of the largest funders to housebuilders in the UK and is working with housebuilders across the UK to help address the nation's housing shortage. This includes the Housing Growth Partnership ('HGP'), a social impact investor established by Lloyds Banking Group and Homes England to help address housing affordability by providing support to the regional residential development community to increase the number of new homes built in the UK.
- Last year, we provided £3.4 billion of new funding, of which £2.4 billion is ESG-related improvements, in support of the social housing sector.
- Lloyds Banking Group is helping people to access quality, affordable homes – it is the largest mortgage lender and supports one in five of all first-time buyers. Lending £12.8 billion this year.

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